

City of Detroit


CITY COUNCIL

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TO: Alfred Jordan, Director
Department of Public Works

FROM: Irvin Corley, Jr., Fiscal Analysis Director 

DATE: May 4, 2009

RE: 2009-2010 Budget Analysis

Attached is our budget analysis regarding your department's budget for the 2009-2010 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, May 8, 2009 at 1:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Council members and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Joseph Harris, Chief Financial Officer
Pam Scales, Budget Department Director
Charleta McInnis, Budget Department Team Leader
Arese Robinson, Mayor's Office

Department of Public Works (19)

FY 2009-10 Budget Analysis by the Fiscal Analysis Division

Summary

The Public Works Department is a General Fund agency, and also includes the recently created Solid Waste Fund, Street Fund and Metro Fund activities. The department's structure includes the following five activities, Administration, Street Fund, Solid Waste, Snow and Ice Removal, City Engineering Services and Public Act 48.

On page B51 of the Executive Budget Summary 2009-10, the Mayor presents the City of Detroit Street Fund Summary, which reflects the fund supported with gas and weight taxes distributed to the city under Public Act 51. The summary shows how the street fund revenues are allocated to city departments for street fund operations and maintenance, capital projects involving street resurfacing, bridge repair, traffic control devices and equipment purchases. The city in-kind contribution is also reflected.

The street fund is presented as the Major and Local Street Funds in the city's Comprehensive Annual Financial Report.

2008-09 Surplus/(Deficit)

This Administration reports a net deficit of \$1.4 million for the Department of Public Works Department for fiscal year 2008-09. The net deficit is the combination of a \$1.3 million surplus in appropriations and a revenue deficit of \$2.7 million. The revenue deficit cause is identified as shortfall in City Engineering revenue.

Overtime

The general fund overtime budget for the current fiscal year is \$257,144. As of March 31, 2008, the department has spent \$158,493 on overtime.

For all funds reporting to the department the overtime budget is \$879,005 and the expenditures as of March 31, 2008 total \$3.3 million, resulting in a deficit of \$2.4 million currently, and if the pattern of spending continues, the year ending deficit could increase to \$4.4 million for overtime.

The Mayor's 2009-10 Budget includes an overtime budget in all funds of \$2.6 million. Based on the current year the funding of overtime may not be adequate and management will have to monitor overtime use to remain within the budget.

Personnel and Turnover Savings

Following is information by appropriation compares current FY 2008-09 budgeted positions, March 31, 2009 filled positions and FY 2009-10 Mayor's recommended positions.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2008-09</u>	<u>Filled Positions 3/31/2009</u>	<u>Mayor's Budget Positions FY 2009-10</u>	<u>Over/(Under) Actual to 08/09 Budget</u>	<u>Mayor's Recommended Turnover</u>
Municipal & Environmental Services Dept. (19)					
190100 Administration	8	8	6	0	\$ -
00028 Administration	8	8	6	0	\$ -
190106 Detroit-Wayne Joint Building Auth	66	46	32	(20)	\$ -
00030 Building Operations	66	46	32	(20)	\$ -
190702 Engineering Services	3	2	3	(1)	\$ -
190703 Administrative Services	3	3	3	0	\$ -
190705 Design Services	1	0	0	(1)	\$ -
190706 Structure Design	3	3	3	0	\$ -
190707 Street & Highway Freeway Design	7	3	5	(4)	\$ -
190708 Survey Office	4	3	5	(1)	\$ -
190709 Building & Bridge Inspection	13	11	8	(2)	\$ -
190710 Permits	7	6	7	(1)	\$ -
190711 Sidewalk Inspections	3	1	0	(2)	\$ -
190712 Material Testing	1	0	1	(1)	\$ -
190713 Survey Office	2	2	1	0	\$ -
191701 General Inspection	7	5	5	(2)	\$ -
00910 City Engineer	54	39	41	(15)	\$ -
193822 DPW Street Maintenance	217	208	215	(9)	\$ -
193825 Transportation Planning	22	15	20	(7)	\$ -
193826 Transportation Signs & Markings	56	50	56	(6)	\$ -
06424 Major Street Fund - Operations	295	273	291	(22)	\$ -
190410 Divisional Administrative Services	2	2	2	0	\$ -
190411 Production Data Center	7	7	7	0	\$ -
12396 Solid Waste Management	9	9	9	0	\$ -
190412 Supervision and Field Office	3	2	3	(1)	\$ -
190414 Courville Bulk Collection	80	84	88	4	\$ -
190415 Courville Refuse Collection (Residential)	154	132	154	(22)	\$ -
190416 Business District Cleanup	17	0	17	(17)	\$ -
190417 Container Services	11	11	11	0	\$ -
190418 Yard Operations	22	20	22	(2)	\$ -
00037 Street Cleaning	0	0	0	0	\$ -
00038 Vacant Lot Clean-up	0	0	0	0	\$ -
12397 Refuse Collection	287	249	295	(38)	\$ -
190419 Disposal Activities	11	6	11	(5)	\$ -
12398 Refuse Disposal	11	6	11	(5)	\$ -
12698 Pilot Recycling Program	0	0	9	0	\$ -
12943 Environmental Inspection Division	0	0	32	0	\$ -
190402 Rodent Control	0	0	3	0	\$ -
190600 Administration & General	0	0	0	0	\$ -

Office						
190601 Building Maintenance	0	0	0	0	\$	-
190604 Vehicle Control Center	0	0	0	0	\$	-
190605 Vehicle Maintenance	0	0	0	0	\$	-
190607 Fleet Management	0	0	0	0	\$	-
00051 Vehicle Management	0	0	0	0	\$	-
19XXXX Leave of Absence	0	16	0	16	\$	-
19XXXX Worker's Comp.	0	(13)	0	(13)	\$	-
19XXXX Unmatched Positions	<u>0</u>	<u>55</u>	<u>0</u>	<u>55</u>	<u>\$</u>	<u>-</u>
TOTAL	<u>730</u>	<u>688</u>	<u>729</u>	<u>(42)</u>	<u>\$</u>	<u>-</u>

Professional and Contractual Services

Department of Public Works (19)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2008-09 Budget</u>	<u>FY 2009-10 Recommended</u>	<u>Increase (Decrease)</u>
Administration	\$ 2,000	\$ 2,000	\$ -
Street Fund	8,550,000	6,925,000	(1,625,000)
Snow and Ice Removal	-	-	-
Public Act 48	-	-	-
Solid Waste	65,960	445,600	379,640
Vacant Lot Clean-up	-	-	-
City Engineer	<u>\$ 240,000</u>	<u>\$ 190,000</u>	<u>\$ (50,000)</u>
Total	<u>\$ 8,857,960</u>	<u>\$ 7,562,600</u>	<u>\$ (1,295,360)</u>

Issues and Questions

1. All of the Building Attendant positions for the Detroit Wayne Joint Building Authority are eliminated in the Mayor's 2009-20 Recommended Budget. Explain how the function of maintaining the Coleman A. Young Municipal Building will be handled in the new budget. If there are cost savings related to this change, identify the actual cost savings for Council. Has this change already taken place? If not when will the switchover take place?
2. What is the basis for the cost estimate for disposal of solid waste in the solid waste fund? Have bids been requested and submitted? Who developed the request for proposal and placed the service out for bids? When will the awards be made for the disposal service? Describe the specific services and structure of the request for proposals.
3. The Mayor's 2009-10 Recommended Budget includes a Pilot Recycling Program describe the program and the timetable for implementation. What if any special vehicles or equipment will be necessary for the Pilot Recycling Program?
4. The Administration set up the Solid Waste Fund to capture all of the costs of collection and disposal of solid waste in the City including the solid waste fees,

both residential and commercial that would cover the costs. After two years the fund is not capturing all of the costs, and the proposed fees do not cover the total costs of solid waste collection and disposal. What is the timetable for the administration to identify and charge all costs to the fund and set the fees to cover all costs? The current solid waste fund mirrors the situation in many of the enterprise funds that are not self-sufficient and continue to rely on general tax support.

5. On average how old are the vehicles in the solid waste collection fleet? What is the normal replacement cycle for this type of vehicle? What problems do you foresee and what alternative plans are you considering in light of the decision not to replace vehicles in the recommended budget? What is the lead-time required for the purchase of solid waste collection vehicles? What if any special vehicles will be necessary for the Pilot Recycling Program?
6. The revenue collection in the City Engineering Division is identified as the cause of the revenue deficit of \$2.7 million being projected for the current budget. Why is the City Engineering Division unable to collect the budgeted revenues? What changes are being made to allow the collection of these revenues in the next year budget, as the City Engineering revenues are only reduced by \$0.3 million?
7. Street Fund – Street Resurfacing – Contractual is increasing by \$3.8 million and New Street Construction is eliminating, a reduction of \$4.3 million. What if any is the relationship between these two changes? Where did the new street construction take place in the current year? What areas, and streets are included in the street resurfacing plan for the 2009-10 recommended budget?
8. Street Fund – Traffic Control Roadways – (Fed. Aid) is going from zero to \$2.7 million. What will this allocation be used for? What project is this related to?
9. Street Fund – A new allocation to “Non-Motorized Transportation” in the amount of \$4.2 million is included in the Mayor’s 2009-10 Budget? Explain what non-motorized transportation is? What area(s) of the City will these funds be used in?
10. Street Fund - Is the above \$4.2 million related to the construction of ADA handicap ramps? If the handicap ramps are not include in the \$4.2 million, how much is dedicated to ramp construction? What is the status of the project? Total ramps to be constructed? Number of ramps already completed? Number to be completed as part of the 2009-10 Budget?
11. Is the department involved in any activities that are not recorded as part of the city’s financial reporting system? If so, identify what the activities are, and what the department’s involvement. Example, the Mayor’s Office has established a non-profit organization in connection with Next Detroit Neighborhood Initiative Program.
12. Explain to Council how the creation of the General Services Department and the transfer of responsibilities from DPW to GDS improved the delivery of services to residents by your department.

13. With DPW acquiring the enforcement division from the Department of Environmental Affairs is there the opportunity to increase the cost savings or operational efficiency by consolidation of the whole DEA as a division in DPW?
14. Explain the difference in tipping fee amount between the DPW budget of \$23,160,000 and the amount included in the budget detail for the Greater Detroit Resource Recovery Authority of 23,288,569.
15. Using Page D28 from Executive Budget Summary, please address the following:
 - a. Does \$1 million reduction in taxes/assessments (primarily gas and weight taxes) reflect loss of population in Detroit, and fewer roads to repair in Detroit?
 - b. Fines/forfeits increase by \$809,000 as a result of transfer of Environmental Inspection Division from from Environmental Affairs. What is the revenue estimate based on?
 - c. Besides the proposed reduction in the garbage fees, what other factors cause the \$16.3 million reduction in the solid waste fee revenue that makes up sales and charges?

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